

To: 2210 - Atlanta ROU, 2110 - Winston-Salem ROU, 1710 - Pittsburgh ROU,
 1110 - Boston ROU (PROVENL), 1810 - Cincinnati ROU (WEBSTES),
 6610 - Denver ROU, 6210 - Chicago ROU, 2610 - Dallas ROU, 6710 - Detroit ROU,
 5110 - N. California ROU (MORRISL), 6910 - St. Louis ROU (JOHNSOK4),
 1210 - New York ROU (ALVICH), 5810 - Houston ROU (HOWARDC),
 6310 - Minneapolis ROU (EUBANKS), 5610 - Seattle ROU (SCOTTS),
 5410 - S. California ROU (PECKHAK), 1310 - Philadelphia ROU (METZG),
 2310 - S. Florida ROU (FINKLEP), 1610 - Buffalo ROU (BRZEZIE),
 2910 - Richmond ROU (YOUNGP)
 DDA:MSMAIL=RJRWS/WSEXCH/BESTJ; O=RJREM; P=WSX400; A=RJR; C=US
 DDA:MSMAIL=RJRWS/WSEXCH/CUNDARP; O=RJREM; P=WSX400; A=RJR; C=US
 DDA:MSMAIL=RJRWS/WSEXCH/GAILLAR; O=RJREM; P=WSX400; A=RJR; C=US
 DDA:MSMAIL=RJRWS/WSEXCH/MAGUIRJ; O=RJREM; P=WSX400; A=RJR; C=US
 DDA:MSMAIL=RJRWS/WSEXCH/SANDERR; O=RJREM; P=WSX400; A=RJR; C=US
 DDA:MSMAIL=RJRWS/WSEXCH/WILMESD; O=RJREM; P=WSX400; A=RJR; C=US
 From: Smith, Jonie G.
 Posted: 3/4/98 15:15
 Opened: 3/5/98 8:40
 Subject: ATTACHED LETTER

PLEASE SEE ATTACHED LETTER SUBJECT: AAFES/DECA CIGARETTE PRICING - PROCEDURES.

Sales		Retail	
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MARK COOK
KEY ACCOUNT MANAGER

1501 Norwood Drive
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Fax: (817) 280-9781

Voice Mail: (817) 800-757-6245 Ext. #59563

SENT VIA E-MAIL

March 4, 1998

TO: All Region Operations Units

SUBJECT: AAFES/DeCa Cigarette Pricing - Procedures

COPY: J.V. Maguire
Area Vice Presidents

Ladies and Gentlemen:

Effective March 10, AAFES/DeCa will have only two tiers for pricing cigarettes; Premium and Generic. The Generic Tier is comprised of brands previously in the mid-price and sub-range for AAFES. No changes in brands were made to the Premium Tier. The retails listed below will be effective on March 10, 1998, for the locations shown.

LOCATIONS	PREMIUMS Ceiling Retail		GENERICS Ceiling Retail	
	Cartons	Packs	Cartons	Packs
GENERAL CONUS	\$ 17.25	\$ 2.20	\$ 12.85	\$ 1.60
OVERSEAS**	\$ 14.85	\$ 2.10	\$ 10.45	\$ 1.45
ALASKA/WASHINGTON (STATE)	\$ 19.25	\$ 2.35	\$ 14.85	\$ 1.85
HAWAII	\$ 18.25	\$ 2.35	\$ 14.25	\$ 1.85
NEW YORK, NEW JERSEY, MICHIGAN & MASSACHUSSETS	\$ 17.80	\$ 2.35	\$ 13.85	\$ 1.85

**Overseas includes facilities in the Pacific, Europe, Azores, Puerto Rico, Thule, Panama and remote locations in Hawaii (Samoa/Johnston Island).

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Several other points:

- All AAFES facilities in Conus are being required to survey the competition. They may set local exception retails lower than the ceiling retails for their specific location if AAFES price surveyor's results support the exception.
- All buydowns are discontinued effective March 10, 1998.
- Couponing is still valid in the stores as long as all facilities on an installation use them during the same period. Pricing must be the same throughout the installation.
- Reps are not to request summaries from store/commissary personnel that contain other companies' cost prices. They should be familiar with the policies and procedures in place to receive cost information regarding their competitors.
- Reps may be banned from entering the facilities if it is determined that less than professional behavior or harassment is exhibited in regards to but not limited to product display, stock assortment, order quantity placed, request for assistance for return/credit of aged product and local pricing.

If you have any questions concerning this information, please contact me.

Sincerely,

Mark Cook

MARK COOK
Key Account Manager

MC/js

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